

Citizens Clean Elections Commission

Report on Agreed-Upon Procedures

Jeff Dial  
Participating Candidate for  
State Representative - District 20

May 2005

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**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

Chairman and Members of the Commission  
Citizens Clean Elections Commission  
Phoenix, Arizona

We have performed the procedures enumerated below, which were agreed to by the Citizens Clean Elections Commission (Commission), solely to assist you in evaluating whether the Post-Primary - Campaign Finance Report of the Committee to Elect Jeff Dial (Committee) for the period from August 19, 2004 to September 27, 2004 is prepared in compliance with Title 16, Articles 1 and 2 of the Arizona Revised Statutes, *Campaign Contributions and Expenses* and the *Citizens Clean Elections Act* and complies with the rules of the Citizens Clean Elections Commission. The Committee's management is responsible for the Post-Primary Campaign Finance Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Obtain a copy of the candidate's campaign finance report for the reporting period.

**Finding**

We obtained the Post-Primary – Campaign Finance Report of the Committee to Elect Jeff Dial for the reporting period of August 19, 2004 to September 27, 2004. In addition, we reviewed this report for mathematical accuracy and noted no exceptions.

2. Perform a desk review of the receipts reported in the candidate's campaign finance report as follows:
  - a. Determine whether the candidate accepted contributions only from individuals.

**Finding**

Based on our review of the Committee's Post-Primary – Campaign Finance Report we determined that the Committee did not receive any contributions other than the CCEC participating candidate funding.

- b. Determine whether any contributions received from individuals exceed the early contribution limit of \$110 per person.

**Finding**

Based on our review of the Committee's Post-Primary – Campaign Finance Report we determined that the Committee did not receive any contributions other than the CCEC participating candidate funding.

- c. Check compliance with the maximum early contribution limit of \$2,830.

**Finding**

Based on our review of the Committee's Post-Primary – Campaign Finance Report we determined that the Committee did not receive any contributions other than the CCEC participating candidate funding.

- d. Check compliance with the maximum personal contribution limit of \$550.

**Finding**

Based on our review of the Committee's Post-Primary – Campaign Finance Report we determined that the Committee did not receive any contributions other than the CCEC participating candidate funding.

3. Perform a desk review of the disbursements reported in the candidate's campaign finance report to identify any unusual items requiring follow-up during fieldwork.

**Finding**

Based on our review of the Committee's Post-Primary – Campaign Finance Report we did not note any disbursements which were not for direct campaign purposes.

4. Contact the candidate or the campaign treasurer, as appropriate, to schedule a date to perform audit fieldwork. Discuss the nature of the documentation, which will be needed to perform the audit and ascertain the location of the necessary documentation.

**Finding**

We contacted candidate Jeff Dial and scheduled the audit fieldwork date to commence on March 15, 2005. In addition, we discussed the nature of the documentation which will be needed to perform our review.

5. Conduct an entrance conference with the candidate and/or his or her representative(s) to discuss the purpose of the audit, the general procedures to be performed and potential future requirements of the candidate, such as possible repayments to the Fund.

### **Finding**

An entrance conference was conducted with the candidate on March 15, 2005. We discussed the purpose of the audit, the general procedures to be performed and potential future requirements of the candidate.

6. Conduct an interview with the candidate and/or his or her representative(s) to discuss the bookkeeping policies and procedures utilized by the campaign committee.

### **Finding**

An interview was conducted with candidate Jeff Dial on March 15, 2005. We discussed the bookkeeping policies and procedures utilized by the campaign committee.

7. Obtain the names of the candidate's family members. Family members include parents, grandparents, spouse, children, siblings and a parent or spouse of any of those persons.

### **Finding**

We obtained a listing of the candidate's family members. The listing included all the applicable family members, as by definition.

8. Obtain bank statements for each of the months in the reporting period and perform the following:
  - a. Select a sample of deposits and withdrawals from the bank statements and determine that the transaction is properly reflected in the candidate's records and campaign finance report.

### **Finding**

#### Deposits

For six of six deposits selected for testing, no supporting documentation was provided by the Committee. Therefore, we were unable to determine if these deposits were properly reflected in the candidate's records and campaign finance report.

#### Withdrawals

For eight of eight disbursements selected for testing, we were able to agree the bank withdrawal to the candidate's records and campaign finance report.

However, for three of eight disbursements selected for testing, the checks were made payable to Jeff Dial. The following is a recap of the relevant information:



Check Number	Date	Payee	Amount	Campaign Finance Report	
				Vendor	Purpose
4031	09/06/04	Jeff Dial	\$ 364.32	Wal Mart	Reimbursement for election supplies
4034	09/07/04	Jeff Dial	1,862.78	FedEx Kinko's	Reimbursement for election signs
4037	09/07/04	Jeff Dial	600.00	Jennifer Wright/Ryan Ducharme	Reimbursement for election day labor

The original debt for these expenditures was incurred personally by the candidate. All campaign debt and its related subsequent payment for the expenditure must be handled exclusively by the Committee's campaign account and not by the candidate personally. In addition, see step 12a for two additional similar disbursements.

- b. Perform a proof of receipts and disbursements for the reporting period.

### Finding

This procedure was performed without exception.

9. Judgmentally select a sample of early contributions reported in the candidate's campaign finance report and agree to supporting documentation, which reflects the name of the contributor (for all contributions) and for individuals who contributed greater than \$25, which reflects the contributor's address, occupation and employer.

### Finding

Based on our review of the Committee's Post-Primary – Campaign Finance Report we determined that the Committee did not receive any contributions other than the CCEC participating candidate funding.

10. For other types of cash receipts reported on the candidate's campaign finance report, obtain supporting documentation and review for compliance with regulatory rules and laws and agree the receipt to inclusion in the campaign account bank statement.

### Finding

For six of six deposits selected for testing, no supporting documentation was provided by the Committee. Therefore, we were unable to determine if these receipts were in compliance with regulatory rules and laws.

11. For in-kind contributions, review the supporting documentation and determine the methodology utilized to value the contribution and assess the reasonableness.

### Finding

We noted no in-kind contributions during the reporting period.

12. Judgmentally select a sample of cash expenditures reported in the candidate's campaign finance report and perform the following:

- a. Obtain supporting invoice or other documentation and agree amount to the amount reported in the candidate's finance report.

#### **Finding**

For nine of nine cash disbursements selected for testing, this procedure was performed without exception.

However, for two of nine disbursements selected for testing, the checks were made payable to Jeff Dial. The following is a recap of the relevant information:

Check Number	Date	Payee	Amount	Campaign Finance Report	
				Vendor	Purpose
4032	09/06/04	Jeff Dial	\$ 231.38	Wal Mart	Reimbursement for election supplies
4033	09/07/04	Jeff Dial	3,800.00	Ryan Ducharme	Reimbursement for election day labor

The original debt for these expenditures was incurred personally by the candidate. All campaign debt and its related subsequent payment for the expenditure must be handled exclusively by the Committee's campaign account and not by the candidate personally. In addition, see step 8a for three additional similar disbursements.

- b. Determine that the name, address, and nature of goods or services provided agree to the information reported in the candidate's campaign finance report.

#### **Finding**

For nine of nine cash disbursements selected for testing, this procedure was performed without exception.

- c. Agree the amount of the expenditure to the campaign account bank statement.

#### **Finding**

For nine of nine cash disbursements selected for testing, this procedure was performed without exception.

- d. Obtain the cancelled check and determine that the check was signed by an authorized individual and review the endorsement to determine the check was deposited or cashed by the payee.

#### **Finding**

For nine of nine cash disbursements selected for testing, this procedure was performed without exception.

- e. Determine whether the expenditure was made for a direct campaign purpose. Direct campaign purpose includes, but is not limited to, materials, communications, transportation, supplies and expenses used toward the election of the candidate.

## Finding

For nine of nine cash disbursements selected for testing, this procedure was performed without exception.

However, we noted that the majority of two disbursements selected for testing were for fixed assets related items. The following is a recap of the two disbursements in question:

Date	Payee	Purpose – as per Campaign Finance Report	Amount
09/05/04	Costco	Election day supplies	\$ 3,028.65
09/07/04	Wal Mart	Election day supplies	1,307.33
Total			<u>\$ 4,335.98</u>

Of these two disbursements, \$4,121.11 related to fixed asset purchases. The following recap will illustrate the types of fixed assets purchased:

Description of Items	Amount
Shades (10)	\$ 2,053.79
Gazebos shades (10)	997.01
4' x 2' tables (17)	523.56
6' Tables (12)	451.30
Armchairs (10)	95.45
Total fixed asset purchases	<u>\$ 4,121.11</u>

In accordance with the Citizens Clean Elections Commission's rules, campaign funds cannot be used for fixed asset purchases with a value in excess of \$600 (aggregate basis).

- f. If the expenditure is a joint expenditure made in conjunction with other candidates, determine that the amount paid represents the candidate's proportionate share of the total cost.

## Finding

We noted no joint expenditures during the reporting period.

- g. For in-kind expenditures, review the supporting documentation and determine the methodology utilized to value the expenditure and assess the reasonableness.

## Finding

We noted no in-kind expenditures during the reporting period.

13. Determine whether any petty cash funds have been established and, if so, determine how expenditures from these funds have been reflected in the accounting records. Determine that aggregate petty cash funds did not exceed the limit of \$1,100 and

individual expenditures did not exceed \$110. If one is established, judgmentally select a sample of petty cash withdrawals from the bank account and reported in the candidate's campaign finance report and perform the following:

- a. Determine that the petty cash withdrawal(s) is (are) listed and included to the CCFR.

**Finding**

For two of two Post-Primary petty cash withdrawals selected for testing, this procedure was performed without exception.

- b. Agree the amount of the petty cash withdrawal to the campaign account bank statement.

**Finding**

For two of two petty cash withdrawals selected for testing, this procedure was performed without exception.

- c. Obtain the cancelled check and determine that the check was signed by an authorized individual and review the endorsement to determine the check was cashed by the payee.

**Finding**

For two of two petty cash withdrawals selected for testing, this procedure was performed without exception.

- d. Obtain supporting invoice or other documentation and agree to the candidate's records maintained for petty cash expenditures.

**Finding**

For three of three petty cash expenditures selected for testing, this procedure was performed without exception.

- e. Determine whether the expenditure was made for a direct campaign purpose. Direct campaign purpose includes, but is not limited to, materials, communications, transportation, supplies and expenses used towards the election of the candidate.

**Finding**

For three of three petty cash expenditures selected for testing, this procedure was performed without exception.

- f. Determine that the aggregate petty cash funds did not exceed the limit of \$1,100 and that individual petty cash expenditures were not in excess of \$110.



## Finding

During our review of the aggregate petty cash funds we determined that the Committee did not exceed the limit of \$1,100.

For two of three petty cash expenditures selected for testing we determined that the expenditure exceeded the limit of \$110. The following is a recap of the relevant information:

Date	Payee	Amount	Purpose
09/03/04	US Post Office	\$ 148.00	Postage
09/07/04	Jeff Dial	195.80	Mileage reimbursement

14. Conduct an exit conference with the candidate and/or his or her representative(s) to discuss the preliminary audit findings and recommendations that the auditor anticipates presenting to the CCEC. During this conference, the auditor will advise the candidate and/or his or her representative(s) of their right to respond to the preliminary findings and the projected timetable for the audit report.

## Finding

An exit conference was conducted with the candidate on May 26, 2005. We discussed the preliminary audit findings and recommendations that we anticipate presenting to the CCEC. We also advised the candidate and/or his or her representative(s) of their right to respond to the preliminary findings.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Post-Primary – Campaign Finance Report of the Committee to Elect Jeff Dial. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Citizens Clean Elections Commission, and is not intended to be and should not be used by anyone other than these specified parties.

*Miller, Allen & Co., PC*

May 26, 2005